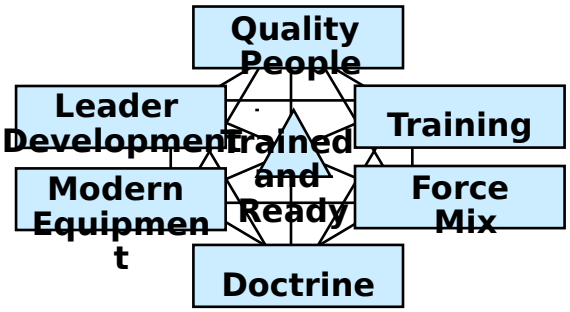
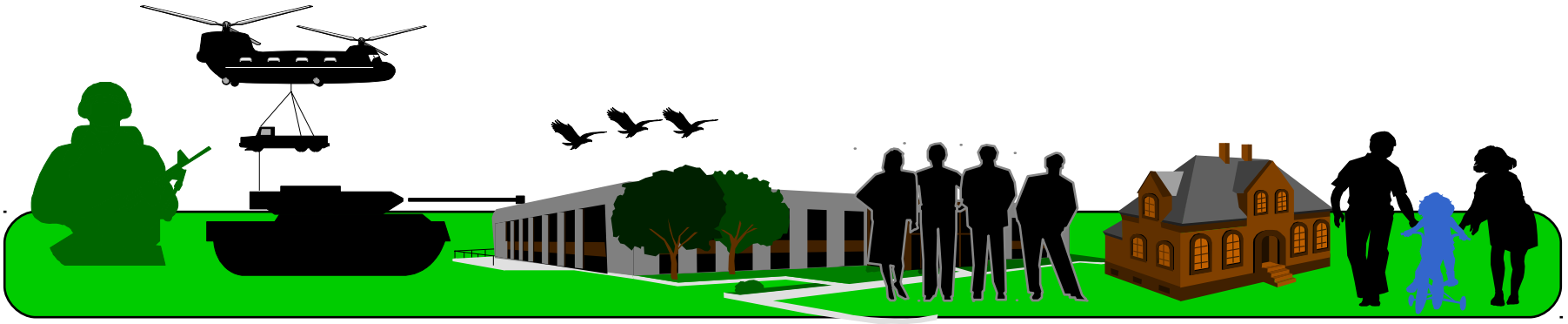
ACSIM
Competitive Sourcing Divisio



COL Michael A. Dangerfield

31 October 2003



Agenda

- Mission
- Background
- Why Competitive Sourcing
- President’s Management Agenda
- Alternatives to Competitive Sourcing
- Study Status
- Non-Core Spaces
- Fact or Myth Questions
- ACSIM Competitive Sourcing Website and POCs
- Questions

Competitive Sourcing Office Mission

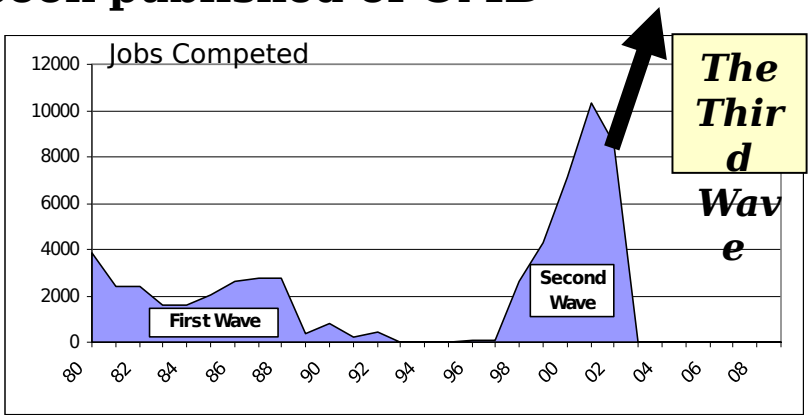
- Headquarters Department of the Army single point contact
  policy and guidance for Competitive Sourcing Program.

- Monitor the progress of the program and respond to inquir
  from Regions, MACOMs, installations, employees, unions,
  sector businesses, Army leadership, DOD, OMB and
  members of Congress.

- Plan, program, budget, execute and report the status of the
  Program.

Background
First & Second & Third Waves

- **First Wave**
  - **1979 first Cost Comparison Handbook published of OMB Circular A-76**
  - **Completed studies of 25K spaces**
  - **Curtailed by two laws**
    - **1989 Nichols Amendment**
    - **1990 "2-year / 4-year law"**



- **Second Wave**
  - **1995 – DepSecDef IPT with Service Under Secretaries and Vice Chiefs**
  - **1996 – First A-76 Studies Started**
  - **1997 – Commitment to QDR to study 56K spaces (48K civ, 8K mil)**
  - **1997 – Reprogrammed $3.2B savings from OMA to Force Modernization**
    - ***We did it to ourselves***

Why Competitive Sourcing

- *Increased* competitiveness
- *Increased* level of service
- *Increased* efficiency
- *Decreased* costs to taxpayers

President's Management Agenda (PMA)

- **President Issued Management Agenda (PMA) with five gov't-**
- **Effectiveness is scored red, yellow, or green for both status a**
- **Initiatives and DoD's current scores:**

Initiative	Status	Progress
Human Capital	**Yellow**	**Green**
Competitive Sourcing	**Red**	**Yellow**
Improved Financial Management	**Red**	**Green**
Budget and Performance Integration	**Red**	**Green**
Expanded e-Government	**Red**	**Green**

Alternatives to Competitive Sourcing

- **PRIVATIZATION:** Relinquished control of the operation by dives of commercial activities by becoming a customer that purchases and services from a commercial source. Federal workforce does compete in privatization.

- **DIVESTING:** Terminating performance of function, where no ot private Entity continues to provide the product of service. Just st ----- a few will notice (e.g., organizational effectiveness, quality ci

- **OTHER METHODS PERMITTED BY LAW:** Employee Stock Op Negotiate with Private Sector and Strategic Partnership.
  Actions still pending law are Transitional Benefit Corporation, Qu Corporation

Study Status

Fact

ARMY COMPETITIVE SOURCING STATUS (1 Oct 96 to Present)								
		#Studies	#Contract	#In House	#Civ	#Mil	Total	Annual $ Savings
Completed Studies								
	Direct Conversion	44	42	2	1,252	22	1,274	$6,420,337
	Streamline	18	1	17	422	0	422	$7,434,158
	Full Cost Comparison	133	38	95	23,443	3,190	26,633	$514,609,486
	Total	**195**	**81**	**114**	**25,117**	**3,212**	**28,329**	**$528,463,981**
								39.4%
Tentative Decisions:								
	Full Cost Comparison	16	3	13	2,609	224	2,833	
In-Progress Studies:		4			852	160	1,012	
Total A-76 (FY97-02)		**215**			**28,578**	**3,596**	**32,174**	**$528,463,981**
#Left to Study (BES)	Remaining A-76 (FY 05-08) 12,483 per year						49,932	
TOTAL (FY97-08)							**82,106**	

Non-Core Spaces

These are the spaces considered for third wave.

Function	Military	Civilian
Logistics	18,402	35,122
Civil Works	318	32,269
Financial Mgt	1,879	3,581
Installation Mgt	1,314	22,012
Personnel	18,065	9,839
Operations	12,952	22,304
Medical	916	15,094
Military History	2	260
Intelligence	712	2,349
Legal	373	638
Information Mgt	3,059	9,716
Inspector General	292	93
Auditor General	0	954
Public Affairs	443	679
TOTAL ARMY	***58,727***	***154,910***

(Includes Civil Works)

A-76 Savings Targets

Fact or Myth?

Installations have been cut to the bone and can't achieve 20% savings

Fact:

Army A-76 studies completed since 1 Oct 96 have averaged 39.4% savings

(44 direct conversions, 18 streamlined, and 149 full cost studies.)

Military Buyback (MBB)

Fact or Myth?

Army is paying big bucks to replace military personnel converted to contracted or MEO

Fact:

Army paid 17.2M in MBB costs for cost competitions through FY03. Paid 25.9M in FY04.

Time to Complete Studies

Fact or Myth?

Installations are “dragging their feet” to use the full congressionally mandated time limit.

Fact:

Studies takes less time than the mandated limit.

Announcement to Cost Comparison FY97 to Present

Total Army Average	3.21 years
Army Average-Multiple	3.27 years
Army Average-Single	1.95 years

Reduction in force (RIF)

Fact or Myth?

A-76 studies result in huge RIFs

Fact:

The Army involuntarily terminated 138 employees in FY02 and 90 in FY03. Average 2%.

Reduction in Force (RIF) in Army

	Due to A-76				Not Due to A-76			
FY	Separations	Reassign-ment	Change to Lower Grade	Totals	Separations	Reassign-ment	Change to Lower Grade	Totals
1997	0	0	0	0	497	1033	38	1568
1998	0	4	0	4	621	1845	21	2487
1999	2	1	0	3	517	878	10	1405
2000	15	12	0	27	180	280	2	462
2001	253	186	7	446	132	228	16	376
2002	138	26	1	165	93	499	11	603
2003	90	726	297	1113	1	6	0	7
Total	498	955	305	1758	2041	4769	98	6908

Big/Small Business

Fact or Myth?

Big contractors are winning all the studies.

Fact:

Since FY 97, Small business won a larger percentage.

Study	Big	Small
Direct Conversions	6 (14%)	37 (86%)
Streamlined	0	1 (100%)
Full Cost Comparison	16 (42%)	22 (58%)

Army Competitive Sourcing WEB Page

www.hqda.army.mil/acsimweb/ca/ca1.htm

- **Points of Contact**
- **About the Competitive Sourcing Program**
- **Study Announcements to Congress**
- **Commercial Activities Management Information System (C**
- **Potential Bidders' Report**
- **Sample PWS's & Contract Support Information**
- **Training Tools & Opportunities**
- **Links to Related Sites**
- **OMB, DoD and Army Guidance**
- **COMPARE & WIN Compare**
- **USAAA & GAO Audit Report**
- **SHARE A-76 – (OSD A-76 WEB Site)**

* Restricted site

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QUESTIONS